

MAXIMIZING ECONOMIC OPPORTUNITY IN THE CASINO GAMING INDUSTRY NEEDS CONFIDENT REGULATORY AND OPERATOR PARTNERSHIP

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EXECUTIVE SUMMARY

Asymmetrical levels of ambition, confidence and awareness between regulators and operators in which casino gaming operates, will miss opportunities created by the demand within local and global casino gaming markets.

Regulatory environments which are not aware of the solutions provided by technology focused products and systems, and the ways in which they can support their regulatory mission may create regulations which impair the ability for operators to compete in a market that is growing and increasingly independent of geography. Operators in sheltered markets may lack the drive or ambition to optimize their products, services, experiences and delivery channels to meet the potential that the market offers and their regulatory environment affords.

Where regulatory bodies and gaming operators share symmetrical levels of ambition, confidence and awareness of the appetite of the current and future markets for casino gaming, they bring best in class rules, technologies and products. These elements support the effective regulatory environment required to protect the integrity and confidence of the industry, and provide the optimal mix of product, services and experiences in demand by today's and future consumers, to the benefit of all directly and indirectly associated economic sectors.

Background

In a regulated casino gaming environment, the relationship between the government and operator defines the gap between what exists, and what is possible within the jurisdiction's casino gaming industry.

Asymmetry: Ambitious Operator, Low Regulatory Opportunity

An ambitious operator in a restrictive regulatory environment will grow to the boundaries of the regulations. The gap between what exists, and what is possible, will be hair thin. When an opportunity for growth arises, the operator can advocate for change, but even in a collaborative environment, change will occur at the speed at which the regulators are comfortable, and this level of comfort can vary greatly, issue to issue. In nearly all cases, when change is permitted, the change will happen slowly, and incrementally, with missed opportunity claimed by economies and markets outside the regulatory zone.

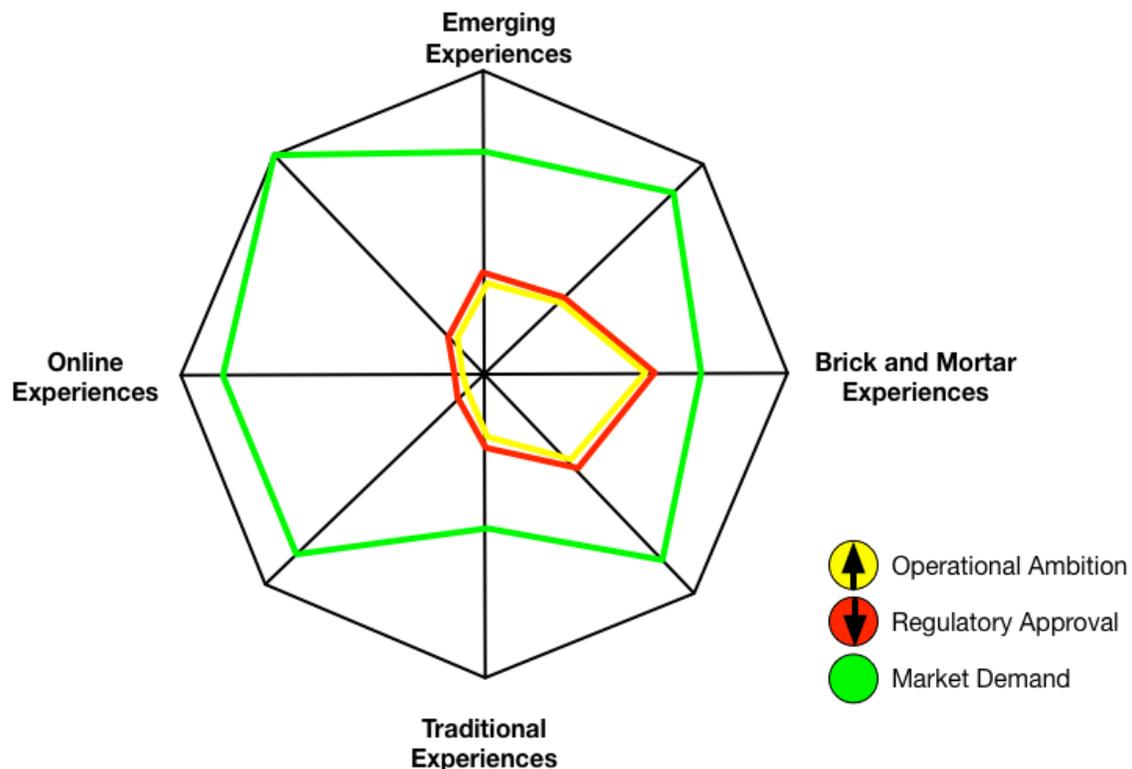


Figure A: High operational ambition in an environment with low regulatory approval of casino gaming products and services.

Asymmetry: Unambitious Operator, High Regulatory Opportunity

Governmental agencies who have awareness of, and experience in the opportunities and limitations of the global gaming market and the best in class technologies available to support operators, customers and regulators, have the confidence necessary to craft rules for its operators that strongly support both governance and oversight, and economic opportunity for business, and the country and markets they serve. Companies who develop and operate conservatively within these opportunity rich environments without much competition will survive locally, providing suboptimal economic returns for the industry. The gap between what exists, and what is possible, will remain a missed opportunity.

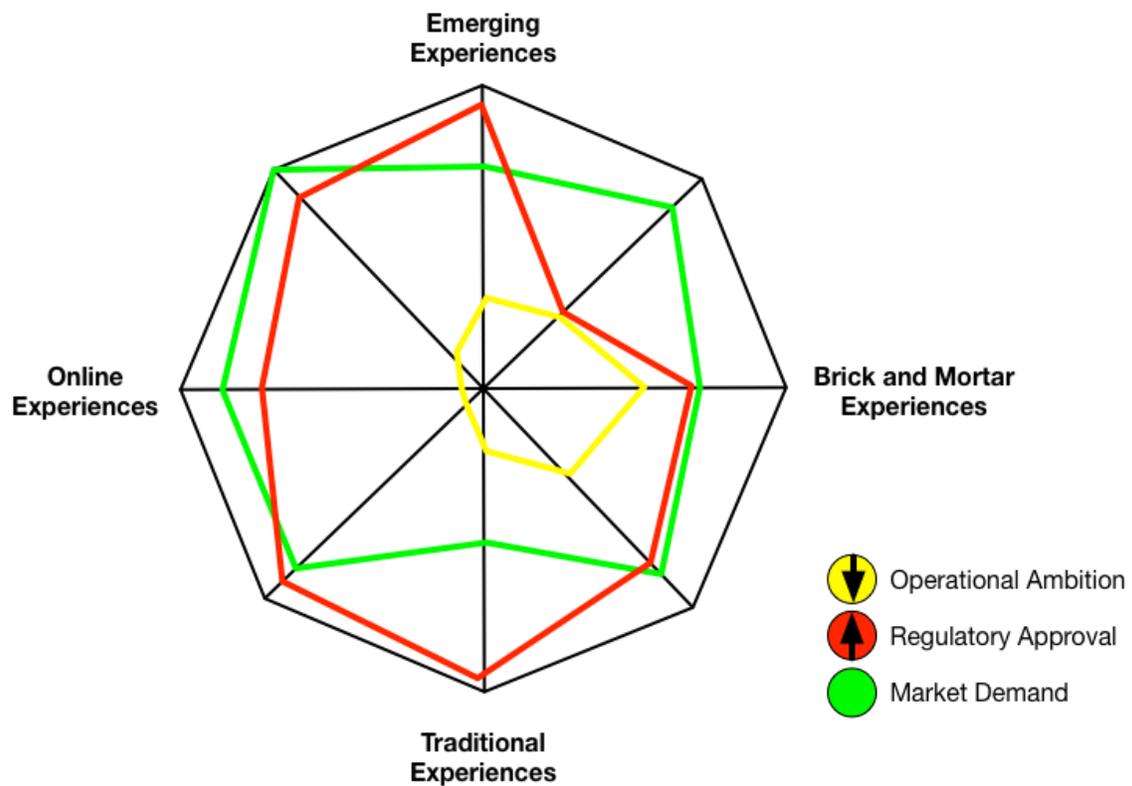


Figure B: Low operational ambition in an environment with high regulatory support for casino gaming products and services.

Symmetry: Ambitious Operator in Jurisdiction with High Regulatory Support

Confident and experienced governmental agencies tasked with effective and efficient regulation of their casino gaming industry, combined with operators who support the mission of the regulators and the demand of the market with the right products and technologies, create a gap between actual and possible that is minimal where demand and regulation is close, and missed opportunities are minimal. This scenario is situationally present throughout many gaming markets, and represents the best opportunity for governments and economies who to include casino gaming as a component of their plan for overall economic growth and prosperity.

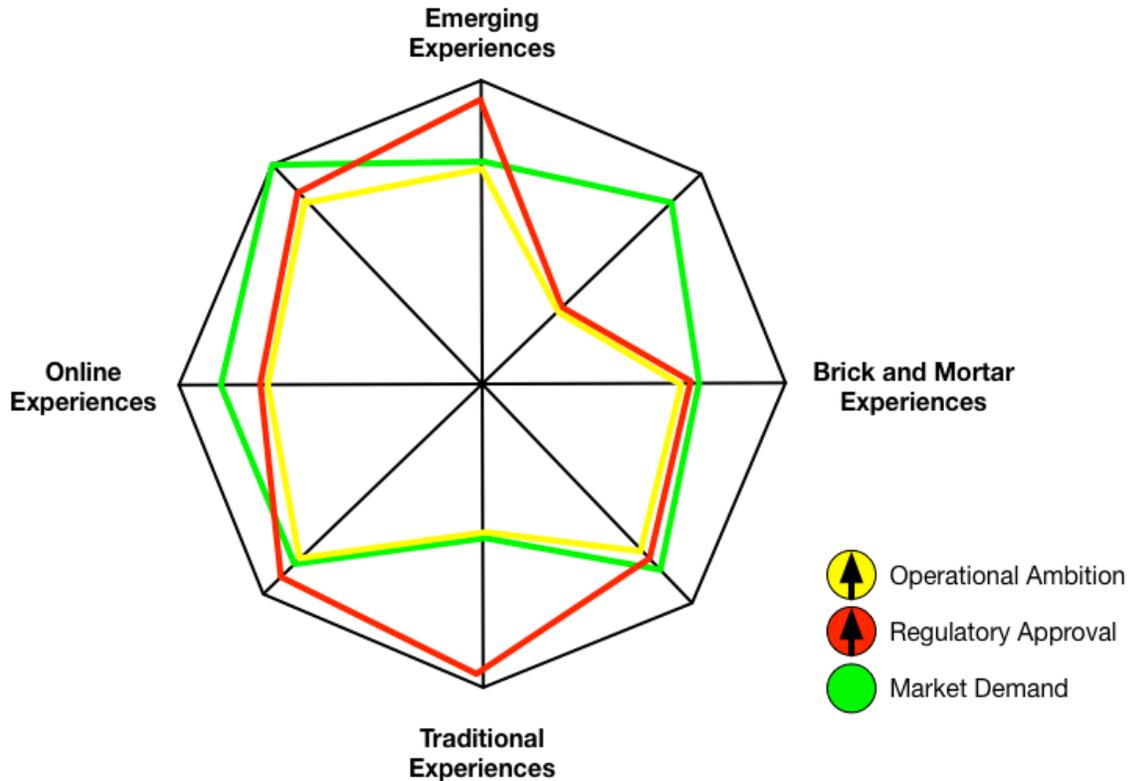


Figure C: High operational ambition in an environment with high regulatory approval of casino gaming products and services.

Solution

The existing and future consumer gaming market today is opportunity rich. Product and management technologies specialized for use within the casino gaming industry have never been more diverse, available and effective.

Product Growth and Category Innovation

Technology driven product attractive to today's gaming consumers, such as new and traditional forms of table, slot and skill based games. In the past, table games operations relegated non-traditional table games, disparagingly referred to as, "carnival games", to a tiny portion of the casino floor, with as few as two or three tables supporting up to 18 players, concurrently.

In mature gaming markets today, large table games operators will commit a third of their available gaming space, with a hundred or more gaming positions, to non-traditional table games.

The Scale and Reach of Games Has Exploded

Furthermore, the definition of a "carnival game" has expanded. Once referring to specialty games like "Three Card Poker", "Caribbean Stud" and "Ultimate Texas Hold'em Poker", large operators are bringing innovations such as table games with stadium seating for 30 or more players wagering against a live dealer whose actions are captured by live video feed and broadcast to participants who place bets interactively with the live dealer, through their table mounted interface. Variants to this technology can include the ability for the player to switch between games dealt by multiple live dealers, without moving from their station. For internet-based versions of this one to many relationships between the dealer and player, live or computer based dealers can be used, or proxies for players can be added. The variety, scale and reach of these games has expanded tremendously. In addition to technology driven products for individual brick and mortar and internet gaming patrons, new options for groups of gamblers organized socially or organically around the casino game are now available. Traditional blackjack, poker and bingo tournaments are available in a variety of forms, brands and executions.

New Categories of Technology-Driven Content and Experiences

Content driven experiences powered by technology, such as eSports and mobile sports betting, are building globally. Major gaming operators are conceiving and deploying eSports arenas for casual participants, with highlighted events involving celebrities or stars associated with the eSport, or professional eSport teams. Mobile technologies bridge the gap between brick and mortar operations and gamers, when away from their casino of choice. Mobile technologies like those being developed by Casino Scouts, bridges players with mobile concierge services and premium content. VIP services and experiences, once available only to the most valuable segments of players, requiring large and costly hosting and sales operations and staff, are being automated and system

driven, using a combination of traditional marketing and new location-based CRM technologies, to extend these services to all players through their smartphones. Extending the traditional casino experience, operators are providing access to daily fantasy sports (DFS), social “play for fun” casinos, and special events involving celebrities and influencers from outside the direct casino gaming silos, but still affiliated with the interests shared by existing and new casino gaming consumers.

Mature and Feature Rich Systems Benefit Operators, Regulators and Consumers

Gaming, patron, loyalty, marketing and operations focused management systems are matured, feature rich and growing, supporting operators, guests and regulators in ways that were nonexistent or highly manual only a few decades ago. Digital menus, streamlining the service and ordering process in food and beverage operations are being extended to both attended and self-service locations at casino table games, pool cabanas and even to mobile devices which are location aware, understanding that you are near, or at, a location that accepts your mobile requests for cocktails or food. And from the operator perspective, access to powerful casino and patron management systems has never been more widespread. At one point, casinos had to make huge capital investments in these technologies for each location they operated. The ability for customers to be recognized across multiple casinos was limited, and the ability to make rewards portable from property to property, even more so. Today, there are powerful options for card-based, enterprise wide, real time loyalty marketing systems that can integrate multiple casinos, each using different casino, slot, table and retail point of sale systems. These systems can track patrons and make benefits portable in real time, across the enterprise.

Conclusion

The ideal scenario described in this document, of a confident, future-aware, synergistic relationship between a gaming jurisdiction’s regulatory bodies and their business community is attainable with the right leadership. The path can be evolutionary, or it can be transformational. In either case, a shared vision for a well-regulated and vital gaming industry, with world class, market aware gaming operations, and best in class product, content and management solutions, will be able to effectively to compete for and grow market share to the benefit of regulators, businesses, and the economies they support.

Operational and Regulatory Alignment, Well Grounded in Today’s Reality

This is not an easy process. It requires an integrated, sober approach to meeting customer demand with the right investments in technology, casino gaming and entertainment experiences. This keeps business optimally aligned with the markets they serve. It keeps regulatory officials aware of the strengths and limitations of the products and solutions which drive growth.

Expert Knowledge of the Industry and Markets

There is also no single vision for the optimal product offering for global markets. Adopting and integrating new offerings as a reaction to rising market-driven demand is as important as individual markets innovating specialty or niche products for regional consumers. This requires deep knowledge of the industry local markets.

Continuous Learning to Keep the Industry Future-Ready

Informed and continually learning leadership teams within regulatory agencies and gaming operations can navigate the product and solutions space. Separating hype from real trends is a significant part the work. A disciplined, future-aware roadmap for the industry supports a ready posture growth. It is central to maintaining and protecting the integrity of the industry as it grows to meet the healthy demand from their respective markets in the service of economic prosperity.

For More Information

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ABOUT STEPHEN CRYSTAL

Stephen Crystal represents, consults with, and invests in gaming clients worldwide in various casino development, internet gaming, and gaming technology endeavors, including:

- governmental affairs and lobbying
- strategic advice
- business consultancy services
- investment advice
- mergers and acquisitions advice
- capital raising

Steve has spent over 20 years directly involved in all aspects of the casino and gaming technology industry, including:

- as an attorney representing public and private gaming companies before various state regulatory bodies and jurisdictions
- as a president and CEO of numerous casino holding and public gaming technology companies employing thousands of employees
- as an investor and advisor on over \$1 billion dollars of project finance and mergers and acquisitions in the casino/gaming technology space.

PROFESIONAL HISTORY

Steve started his career in gaming in Kansas City, Missouri in 1992 as a land use attorney in private practice. At that time, Missouri was approving riverboat gaming in several locations throughout the state. Steve represented several Las Vegas-based public gaming companies (Station Casinos, Boyd Gaming, Boomtown Casinos) in their Missouri riverboat development projects as regulatory and development counsel.

Additionally, Steve represented several municipalities that hosted riverboat gaming facilities in their jurisdictions, focusing on land use and regulatory issues. He spent 12 years as a partner in the prestigious Midwest-based law firm Armstrong Teasdale serving in various leadership and management roles while at the firm.

In 2000, Steve joined forces with long-time casino development pioneer D.W. Barrick to form Barrick Gaming Corporation. In 2004, Barrick Gaming Corporation successfully completed the acquisition of 6 hotel casinos in downtown Las Vegas, NV. The acquisition resulted in Steve and Barrick Gaming overseeing 2,000 hotel rooms, 200,000 square feet of gaming floor space, over a dozen entertainment and food/beverage venues, and over 2,200 employees. Steve served as President of Barrick Gaming Corporation until 2006 when the assets were sold in a private transaction.

Beginning in 2006, Steve focused his efforts on building an investment portfolio in the gaming technology space, including personal investments in:

- DigiDeal Corporation, an electronic table game manufacturer
- Las Vegas Gaming, Inc., a bingo, keno, and slot system software provider
- Tablemax, Inc., an electronic table game manufacturer

Steve served as president and on the board of directors of Las Vegas Gaming, Inc. between 2005 and 2007 and as CEO and Chairman of Tablemax, Inc. between 2007 – 2009. Steve currently serves as CEO of Casino Scouts, a company deploying cutting-edge software as a service (SaaS) technologies focusing on mobile marketing and engagement tools for the gaming and entertainment verticals.

PERSONAL AND PUBLIC SERVICE

Steve received his undergraduate (AB) degree from Dartmouth College in 1987 and his juris doctor (JD) degree from American University in 1992. He is licensed to practice law in Missouri (1992) and the District of Columbia (1993).

He served in the New Hampshire legislature as a state representative at the age of 20 and has been an active participant in local, state and national politics at the highest levels. He has worked for numerous US congressional, senate, and presidential candidates. He has previously been a member of the DC Chapter of the Young President's Organization (YPO) and was designated by Best Lawyers in America as being one of the best gaming attorneys in the United States.